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FORM OGC-3

JUL 22 2011



STATE OF MISSOURI
GEOLOGICAL SURVEY PROGRAM
APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK

APPLICATION TO DRILL DEEPEN PLUG BACK FOR AN OIL WELL OR GAS WELL

NAME OF COMPANY OR OPERATOR: INVESTMENT EQUIPMENT LLC DATE: 07/20/2011
ADDRESS: 17509 County Road 14 CITY: Fort Morgan STATE: Co. ZIP CODE: 80701

DESCRIPTION OF WELL AND LEASE
NAME OF LEASE: Watkins WELL NUMBER: #6 ELEVATION (GROUND): 1025'

WELL LOCATION (GIVE FOOTAGE FROM SECTION LINES)
1980 ft. from North South section line 1650 ft. from East West section line

WELL LOCATION: Sec. 32 Township 65 North Range 39 East West LATITUDE: LONGITUDE: COUNTY: Atchinson

NEAREST DISTANCE FROM PROPOSED LOCATION TO PROPERTY OR LEASE LINE: 330 FEET
DISTANCE FROM PROPOSED LOCATION TO NEAREST DRILLING, COMPLETED OR APPLIED - FOR WELL ON THE SAME LEASE: 660 FEET

PROPOSED DEPTH: 1400' DRILLING CONTRACTOR, NAME AND ADDRESS: Investment Equipment ROTARY OR CABLE TOOLS: workover rig APPROX. DATE WORK WILL START: 08/08/2011

NUMBER OF ACRES IN LEASE: 80 NUMBER OF WELLS ON LEASE INCLUDING THIS WELL, COMPLETED IN OR DRILLING TO THIS RESERVOIR: 5
NUMBER OF ABANDONED WELLS ON LEASE: _____

IF LEASE PURCHASED WITH ONE OR MORE WELLS DRILLED, FROM WHOM PURCHASED?
NAME: _____ ADDRESS: _____ NO. OF WELLS PRODUCING: 3
INJECTION: 1
INACTIVE: _____
ABANDONED: _____

STATUS OF BOND SINGLE WELL AMOUNT \$ _____ BLANKET BOND AMOUNT \$ 75,000 ^{or 82,000} ON FILE ATTACHED

REMARKS: (IF THIS IS AN APPLICATION TO DEEPEN OR PLUG BACK, BRIEFLY DESCRIBE WORK TO BE DONE, GIVING PRESENT PRODUCING/INJECTION ZONE AND EXPECTED NEW INJECTION ZONE; USE BACK OF FORM IF NEEDED)
Plan to re-enter and clean out this plugged well and put into production. Target zone is TARKIO @ 1392'

PROPOSED CASING PROGRAM				APPROVED CASING - TO BE FILLED IN BY STATE GEOLOGIST			
AMOUNT	SIZE	WT/FT	CEMENT	AMOUNT	SIZE	WT/FT	CEMENT
180	7 5/8		to surface	180'	7 5/8"	15	Full Length
	(Done Already)						

I, the Undersigned, state that I am the co-owner of the above (Company), and that I am authorized by said company to make this report, and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct, and complete to the best of my knowledge.

SIGNATURE: *Jim Chisholm* DATE: 07/20/2011

PERMIT NUMBER: 005-20053 APPROVED DATE: 9-8-11 APPROVED BY: *Joseph A. Millman*
 DRILLER'S LOG REQUIRED E-LOGS REQUIRED IF RUN
 CORE ANALYSIS REQUIRED IF RUN DRILL SYSTEM TEST INFO REQUIRED IF RUN
 SAMPLES REQUIRED
 SAMPLES NOT REQUIRED
 WATER SAMPLES REQUIRED AT

NOTE: THIS PERMIT NOT TRANSFERABLE TO ANY OTHER PERSON OR TO ANY OTHER LOCATION.

APPROVAL OF THIS PERMIT BY THE OIL AND GAS COUNCIL DOES NOT CONSTITUTE ENDORSEMENT OF THE GEOLOGIC MERITS OF THE PROPOSED WELL NOR ENDORSEMENT OF THE QUALIFICATIONS OF THE PERMITTEE

I, _____ of the _____ (Company), confirm that an approved drilling permit has been obtained by the owner of this well. Council approval of this permit will be shown on this form by presence of a permit number and signature of authorized council representative.

DRILLER'S SIGNATURE: _____ DATE: _____

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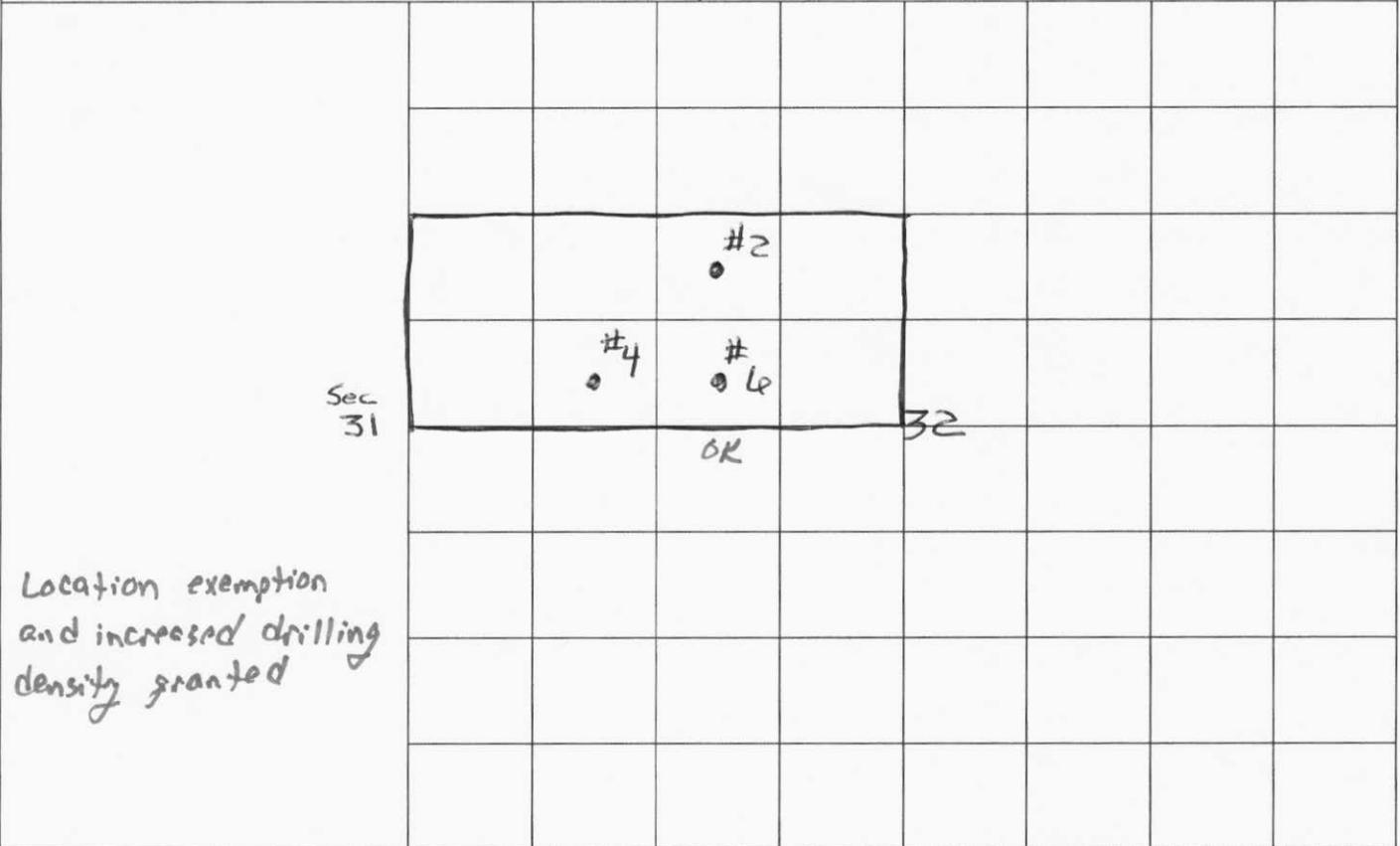
FORM OGC-4



STATE OF MISSOURI
MISSOURI DEPARTMENT OF NATURAL RESOURCES
GEOLOGICAL SURVEY PROGRAM
WELL LOCATION PLAT

Mo Oil & Gas Council

OWNER'S NAME INVESTMENT EQUIPMENT, LLC	
LEASE NAME WATKINS #6	COUNTY Atchinson
WELL LOCATION (GIVE FOOTAGE FROM SECTION LINES) 1980 ft. from <input checked="" type="checkbox"/> North <input type="checkbox"/> South from section line 1450 ft. from <input type="checkbox"/> East <input checked="" type="checkbox"/> West from section line	
WELL LOCATION Sec. 32 Township 65 North Range 39 <input type="checkbox"/> East <input checked="" type="checkbox"/> West	
LATITUDE	LONGITUDE



REMARKS shown above is 80 Acre WATKINS lease	Sec 5
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INSTRUCTIONS On the above plat, show distance of the proposed well from the two nearest section lines, the nearest lease line, and from the nearest well on the same lease completed in or drilling to the same reservoir. Do not confuse survey lines with lease lines. See rule 10 CSR 50-2.030 for survey requirements. Lease lines must be marked.	This is to certify that I have executed a survey to accurately locate oil and gas wells in accordance with 10 CSR 50-2.030 and that the results are correctly shown on the above plat.
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REMIT TWO (2) COPIES TO: GEOLOGICAL SURVEY PROGRAM PO BOX 250, ROLLA, MO 65402-0250 (573) 368-2143 ONE (1) COPY WILL BE RETURNED	REGISTERED LAND SURVEYOR	NUMBER
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Rollins, Kyle

From: Rollins, Kyle
Sent: Friday, August 05, 2011 11:14 AM
To: 'investmentequipment@cox.net'
Cc: Kaden, Scott
Subject: Bonding requirement
Attachments: OGC 2A Personal Bond (CD).pdf

Jim,

As we discussed Investment Equipment, LLC has \$77,000 in bonding. The total number of active wells in our database is 21. If this number is not correct, please let me know asap. The 21 wells require \$73,000 bonding which leaves \$4,000 available to drill ONE additional well. The three plugged wells you are wanting to drill out and place into service will require \$9,000 more. \$9,000 needed - \$4,000 available = \$5,000. An additional \$5,000 bond is required. I have attached the form to use for a CD. Make sure the CD is payable to your name (company) and/or the State Oil and Gas Council. I will be holding the permit applications till the bonding is in place. These plugged wells you want to place back into service wells are being considered as "new wells". A new permit number will be assigned and the application has to be approved by the state geologist before the plugged wells can be drilled out. Thanks

Kyle Rollins
Geologist II
Economic Geology Unit
Division of Geology and Land Survey
573-368-2195
573-368-2111 (fax)
kyle.rollins@dnr.mo.gov
Visit our on-line store:
<http://www.missourigeologystore.com/>

Rollins, Kyle

From: investmentequipment@cox.net
Sent: Tuesday, September 06, 2011 10:19 AM
To: Rollins, Kyle
Subject: Request

Mr. Kyle Rollins,

Please consider this a formal request to grant any required location exemptions and/or increased density (spacing) for the wells we are trying to re-enter.

As follows: Watkins #2, Watkins #6, and the Cook #4.

Your help in this matter will be greatly appreciated.

Jim Chisholm

Approved by JG on 9/6/11

Rollins, Kyle

From: Rollins, Kyle
Sent: Tuesday, September 06, 2011 7:49 AM
To: 'investmentequipment@cox.net'
Subject: Permit applications

Jim,

Just got word that approval will be granted for a location exemption and an increase drilling density for your permits. All I need from you is a letter or e-mail asking for such. The location exemption is for the well to be closer than 500 feet to the unit line and the increased drilling density is for having more than one well in a 40 acre spacing. Once I get your request, I will process your permits. Thanks for your patience while we were working on this.

Kyle Rollins
Geologist II
Economic Geology Unit
Division of Geology and Land Survey
573-368-2195
573-368-2111 (fax)
kyle.rollins@dnr.mo.gov
Visit our on-line store:
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Rollins, Kyle

From: Rollins, Kyle
Sent: Thursday, September 01, 2011 8:05 AM
To: 'investmentequipment@cox.net'
Subject: 40 acre spacing

Jim,

I have been reviewing your permit applications. The Watkins lease can only have two wells, one in each 40 acre tract. The setback for each well is 500 feet from all 1/4, 1/4 (40 acre) unit lines. Both wells will have to be moved to meet setback restrictions. The Cook lease is similar. The well #4 will need to be moved to meet setback requirements as well. Are wells #1 and #6 on the Cook lease and well #6 on the Watkins lease been plugged? I cannot proceed with the permit until we get the location issue resolved. You could request a location exemption if the well locations cannot be moved. There has to be a valid reason for the request such as drilling obstruction or some other hazard regarding the drilling of the well. Let me know. Please give me a call if this is confusing or if you have questions. Thanks

Kyle Rollins
Geologist II
Economic Geology Unit
Division of Geology and Land Survey
573-368-2195
573-368-2111 (fax)
kyle.rollins@dnr.mo.gov
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